

DELPHI

SEPTEMBER 2006

SPECIAL NEWSLETTER FOR DELPHI SALARIED EMPLOYEES

2007 Options! Benefits

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Simplified Approach to Displaying Your Contributions

This year, we are simplifying the online enrollment "Worksheet." We are doing away with the concept of "Benefit Dollars" and displaying only the actual net cost that you pay through payroll deductions.

The amount you received in Benefit Dollars in the past has not gone away. The net costs displayed continue to factor in the amount you would have received in Benefit Dollars.

NetMeetings — Your Opportunity to Learn More and Ask Questions

A number of NetMeetings will be held before Options! Enrollment begins. Attending a NetMeeting is your opportunity to learn more about the benefit changes occurring this year and your new options for 2007. Look for more information, in the near future.

Life and Personal Accident Insurance Premium Waivers

Due to favorable claim experience, the following premium waivers will apply in 2007:

- A three-month premium waiver for Employee Optional Life Insurance — participants will not be required to make contributions during the waiver period, which is March 2007 through May 2007.
- A seven-month premium waiver for Dependent Life Insurance and Personal Accident Insurance — participants will not be required to make contributions during the waiver period, which is March 2007 through September 2007.

Take a Fresh Look — Find the Right Balance

As you know, we don't usually send printed information to you about Options! Enrollment. So, why did we send you this special edition newsletter? Because this year it's more important than ever for you to take a fresh look at your health care options. And we sent this information to you well in advance of enrollment so you have plenty of time to think things over. So use this time to:

- Consider what's new in 2007 and how the changes relate to you personally
- Learn about and truly understand your choices
- Look beyond just your contribution costs to discover your "true costs" and then learn what makes the best financial sense for you

It's all about finding the right balance between the features you want, the coverage you need and your bottom-line costs. With the right balance, you will get the best value out of your benefits.

A New Direction and New Choices for You and Your Family

As you read this newsletter, you will find a number of important updates to your Options! health care benefits for 2007:

- Everyone now has the same medical options regardless of hire date (plan availability still varies by geographic area)
- There's a new type of medical plan to consider called the Comprehensive Health Savings Plan (CHSP) — this plan allows you to open an optional Health Savings Account (HSA) to save for your health care expenses on a tax-deductible basis
- HMOs are still offered on a location basis, but some plans are being eliminated
- There are modifications to some plan features and benefits

The modifications to your health care benefits are the first in two years. They are part of the overall strategy to move Delphi forward with employee benefits that support our future business goals and make our company more competitive within the business lines where we compete.

Options! Enrollment — Take an Active Role This Year

Enrollment takes place **October 23 through November 10**. With the changes occurring this year, you need to take an active role.

During enrollment, you must:

- **Review and confirm the eligibility of your dependents.** This will be the first thing the online enrollment system prompts you to do. It's important to keep this information up to date because you are responsible for repaying any premiums or claims paid for ineligible dependents.
- **Select the medical plan and coverage level that is most appropriate for you and your family.** With the changes to our

program, including the reduction in medical plan offerings, it's essential that you take the time to review your options and make an active enrollment decision. If your plan is no longer available and you don't enroll in another plan, you will receive automatic default coverage that may not meet your needs.

- **Select other benefits.** Enrollment provides an opportunity to reconsider all of your benefit selections and decide if what you currently have continues to meet your needs.

Don't put this newsletter aside — start getting ready for Options! Enrollment today!

There have been no changes to your medical benefits and contributions (with the exception of some HMOs) for **two years**. So this year it is very important to take a closer look and carefully consider all your choices for coverage.

You must actively enroll this year to make sure you receive the coverages that best meet the needs of you and your family. Before enrollment begins, you will receive instructions via e-mail on how to access the online enrollment system.

OPTIONS! SEPTEMBER 2006



One set of medical options for everyone

- **NEW!** Comprehensive Health Savings Plan (CHSP)
- Enhanced Medical Plan (EMP)
- Point-of-Service (POS) — (where available)
- Health Maintenance Organizations (HMOs) — (where available)

What it means to you if you were hired before January 1, 2001

- Certain HMOs

- Standard Plus N

Enhanced Medical Plan (EMP) modifications

Out-of-Pocket Maximum: Increasing from \$1,300 individual/\$2,600 family to \$2,000 individual/\$4,000 family

Emergency Room Copayment: Increasing from \$50 to \$100 per visit.

Emergency Room Copayment: Increasing from \$50 to \$100 per visit (for most HMOs)

Retail (up to 34-day supply)

- Generic Drugs: \$10
- Preferred Brand-Name Drugs: \$20
- Non-Preferred Brand-Name Drugs: \$40

Mail Order (up to 90-day supply)

- Generic Drugs: \$20
- Preferred Brand-Name Drugs: \$45
- Non-Preferred Brand-Name Drugs: \$90

Important Notes: Under the new CHSP, you pay 100% of the cost for your prescription drugs until the annual deductible is satisfied. Once the deductible is met, then you pay the above copayments.

New Plan Administrator: CIGNA

Minor Restorative Services: The amount you pay is increasing from 10% to 20% of the reasonable and customary charge.*

Crowns: The amount you pay is increasing from 10% to 50% of the reasonable and customary charge.*

Implants: Coverage added, with the amount you pay set at 50% of the reasonable and customary charge.*

*Subject to the annual plan maximum of \$1,700

NEW tax-advantaged savings opportunity

If you enroll in the CHSP and have no other medical coverage (including Medicare or coverage through a spouse's plan) you are eligible for the Health Savings Account (HSA). The HSA is an optional account that allows you to save for your current and future health care expenses. The money you put in is tax-deductible — and you pay no taxes on the money you take out as long as you use it for qualified health care expenses. Also, money left in your account rolls over from year to year and grows with interest, tax-free. (See page 6 for more information.)

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Prescription Drugs

Prescription Drug Utilization Management Requirements

Prescription drug coverage includes the following utilization management requirements:

- **Maintenance at mail** — requires you to use mail order for certain long-term medications (for example, drugs used to treat conditions such as high blood pressure or high cholesterol) after filling your original prescription and up to two refills at a participating retail pharmacy. For the CHSP, EMP and POS, contact Medco for a list of medications requiring mail order at 1-800-711-3459 or visit www.medco.com. For HMOs, contact the plan directly.
- **Preferred coverage review** — promotes use of generics and/or preferred brand-name medications.
- **Prior authorization** — confirms diagnosis and other clinical information before the medication is dispensed. Safeguard to ensure FDA approved uses or common medically acceptable uses.

- **Dose duration/quantity edits** — promotes dosing or length of therapy consistent with recommended or commonly acceptable medical practice; or limits quantity per prescription fill to FDA recommended or common dosing guidelines.
- **Step therapy** — ensures treatment is evidence-based or follows commonly accepted guidelines by having patients use acceptable first line therapies initially for treatment.
- **Dose optimization** — promotes one pill per day dosing (same total daily dose) versus multiple pills per day, for drugs that are dosed once daily.

Understanding Prescription Drug Types

Generic drug: A drug not sold under an advertised product name, but that has the same active ingredients (and often even made by the same manufacturer) as the brand-name counterpart. Generic drugs are typically sold at substantial discounts — and, according to the FDA Office of Generic Drugs, they are identical to a brand-

name drug in dosage form, safety, strength, route of administration, quality, performance characteristics and intended use.

Preferred brand-name drug: A drug sold under an advertised product name and on the plan's formulary. The formulary provides the list of brand-name drugs that the plan has determined are both effective for treating conditions and typically cost less than other brand-name drugs. For the CHSP, EMP and POS plans, contact Medco at 1-800-711-3459 or visit www.medco.com for the formulary list. For HMOs, contact the plan directly (contact information is on the benefit summaries available through the enrollment web site beginning October 23, 2006, and at www.delphinbc.com).

Non-preferred brand-name drug: A drug sold under an advertised product name that is not on the plan's formulary (see "Preferred brand-name drug" above).

Your Contributions

The contributions you make have increased for most of your options to reflect rising health care costs throughout the U.S. A summary of contributions is in the chart on page 5. The specific contributions for all the plan options will be available on the enrollment web site during Options! Enrollment, October 23 through November 10, 2006.

Remember that Delphi continues to pay the majority of the costs when it comes to your health care. The amount you pay in contributions reflects only a portion of the total amount. And even with major increases in the overall price of health care, Delphi is offering a plan with no contributions required by you — the new Comprehensive Health Savings Plan (CHSP).

To help minimize health care cost increases for both you and the company, Delphi continues to work with our health plan providers to implement initiatives that improve quality and drive efficient plan administration.

The company is doing everything possible to keep costs down, but we also need your help. Controlling health care costs is a shared responsibility, and the things you do can make a real difference. Make sure you are using the health care system appropriately, making informed decisions, avoiding unnecessary care and taking steps to live and eat more healthily.

Reminder: Retiree Coverage Changes

In March 2005, Delphi announced a number of changes to retiree health care benefits. Effective January 1, 2007, Delphi will no longer offer health care coverage to retirees who are or become Medicare eligible in the normal course (generally age 65). Also, a new Retiree Health Reimbursement Account will be set up to help defray the cost of purchasing Medicare coverage and/or other supplemental Medigap coverage for those hired before January 1, 1993 (those hired after this date are not eligible because they have always paid the full cost for their retiree health care coverage).

Documents covering the full details about the changes are available at www.delphinbc.com.

A New Tool to Help You Make Your Health Care Plan Decision

Choosing a plan that makes the best financial sense for your particular situation can be tricky. It goes beyond simply looking at contributions, deductibles and copays for the options available to you. You also need to consider things like:

- Your expected need for medical services (such as office visits, prescriptions, anticipated surgeries, etc.)
- The potential financial impact of a visit to an emergency room
- How adding a new dependent may affect your costs

This way you can get an overall picture of how much you will likely pay out-of-pocket under each plan available.

To help you do this, we are making a new online tool available to you this year called **eValuator**. It helps you select the plan that's most appropriate and cost-effective for you. It also allows you to model the tax savings you can expect by contributing to the Health Care Flexible Spending Account or the new Health Savings Account (see page 6).

The eValuator tool will be available through the enrollment web site beginning October 23.



Your 2007 Options! Medical Plans

Introducing the Comprehensive Health Savings Plan

Delphi is offering a new plan for 2007 called the Comprehensive Health Savings Plan (CHSP). The plan is administered by UnitedHealthcare and replaces:

- The Basic Medical Plan (BMP) for employees hired before January 1, 2001
- The Standard Medical Plan (SMP) for employees hired on or after January 1, 2001

The new CHSP is an innovative plan that offers you:

- Greater choice and control over managing your own health care dollars and the care you receive

- Flexibility to see any doctor or facility you choose, with an opportunity to pay less if you use a provider in the plan's network
- A good value because no contributions are required and you have a tax-advantaged savings opportunity for your health care expenses (see "Health Savings Accounts" on page 6)
- Certain preventive benefits — which are important for maintaining your health and early detection of health care problems — covered in-network at 100% without the need to meet the deductible

Comparing the CHSP to the Medical Options it Replaces

The CHSP is similar in many ways to the plans it is replacing (the BMP and SMP). However, there are a few key differences you need to be aware of:

- The deductible is higher — meeting the government requirements for opening a Health Savings Account (see page 6)
- Family coverage does not include individual levels for the deductible and out-of-pocket maximums
- You must pay 100% of the cost for prescription drugs, and mental health and substance

abuse coverage until the annual deductible is met

- Compared with the BMP, the coinsurance amounts you pay for eligible services after the deductible is met are less:
 - For in-network services, you pay 20% versus 25% for the BMP
 - For out-of-network services, you pay 40% versus 45% for the BMP
- Compared with the SMP, the out-of-pocket maximum is less:
 - For an individual, it is \$2,500 versus \$5,000 for the SMP
 - For a family, it is \$5,000 versus \$10,000 for the SMP

How the CHSP Works

First, you pay 100% of the cost for medical services and prescription drugs until you satisfy the deductible.

Under the CHSP, the deductible is \$1,200 for an individual and \$2,400 for a family.

Note: Family coverage does not include an individual deductible. This means if you elect coverage for more than one eligible person, the total family deductible must be met before you and the plan share expenses.

Then, you and the plan share expenses (coinsurance) until you reach the out-of-pocket maximum.

For medical services, you pay 20% of the cost when using network providers and 40% of the cost when using out-of-network providers.

For prescription drugs, the amount you pay depends on the category of drug you receive and whether you obtain the drug at a retail pharmacy or via mail order service (see "Prescription drug modifications" on page 2).

For Mental Health/Substance Abuse, services are covered in full up to specified limits when pre-authorized and received from an approved provider.

Once your eligible in-network out-of-pocket costs (see "Out-of-Pocket Maximum" on page 5) reach the maximum, you pay nothing for eligible in-network services for the remainder of the year.

Under the CHSP, the in-network out-of-pocket maximum is \$2,500 for an individual and \$5,000 for a family. There is no out-of-pocket maximum for out-of-network services.

Note: Family coverage does not include an individual out-of-pocket maximum. This means if you elect coverage for more than one eligible person, the total family out-of-pocket maximum must be met before eligible services are covered in full.



The new **Health Savings Account (HSA)** can help you save money toward your deductible, coinsurance and other out-of-pocket health care expenses. (See page 6 for details.)

Any money remaining in your HSA at year-end "rolls over," grows with interest and can be used to pay for future health care expenses — including premiums and qualified health care expenses in retirement!

Certain in-network preventive services, such as annual physicals, PAP smears, some immunizations and health screenings, are covered without first meeting the deductible. They fall outside the process outlined above, and are covered in full without the need to meet the deductible or pay coinsurance. Also certain preventive prescription drugs are not subject to the deductible requirement and are available by only paying the applicable copayment.

A Look at Your Other Medical Plans

In addition to the CHSP, Delphi also offers you:

- **Enhanced Medical Plan (EMP)** — A plan that lets you obtain care from almost any doctor or facility for covered expenses, but offers an opportunity for you to save money when using a provider in the plan's network. By utilizing network providers, you pay a lesser coinsurance amount (or percentage of the cost) than when seeking care from out-of-network providers. Under this plan, first you meet a deductible, then you pay a percentage of the cost (or coinsurance) for most covered services. Similar to the CHSP, certain preventive services are covered without first meeting the annual deductible under the Plan.
- **Point of Service (POS), where available** — An option that combines the managed care features of a Health Maintenance Organization

(HMO) with greater choice and flexibility for receiving your care. The scope of covered services is similar to the EMP, but a key difference is that the POS option requires that you choose a Primary Care Physician (PCP) to coordinate your care. You still have the flexibility of using any provider (both in or out of the POS network). However, if you use a provider without a referral from your PCP, your out-of-pocket costs may be higher. You will be responsible for meeting a deductible and paying a percentage of the costs, or coinsurance. By using a network provider with a referral from your PCP, you avoid having to pay a deductible and coinsurance. Instead, you pay the copayments for the services you receive. Also, there are no claim forms to file when using a network provider. Similar to the

CHSP and EMP, certain preventive services are covered without first meeting the annual deductible under the Plan.

- **Health Maintenance Organizations (HMOs), where available** — An option that requires you to receive your care through the plan's network of doctors, hospitals, health care centers, laboratories, pharmacies and other health care providers. With the exception of an emergency, your care is covered only if provided or coordinated through your selected Primary Care Physician (PCP). Your PCP is usually a family practitioner, general practitioner, internist or pediatrician. There are no deductibles, coinsurance or claim forms. You pay flat-dollar copayments for your medical treatment.

Why Consider the CHSP?

With a higher deductible and out-of-pocket maximum, why select this plan? Put simply, the CHSP may actually save you money depending on the amount of health care you typically use.

If you think about how much you actually use your health care plan, you may find that the combination of no payroll deductions and your typical annual out-of-pocket costs may translate into the CHSP being the most cost-effective plan for you. Need help figuring it out? Try the new eValuator tool during enrollment (see page 3).

You also have an opportunity to open an optional Health Savings Account (HSA) if you enroll in the CHSP (see page 6). An HSA lets you save money toward your out-of-pocket health care expenses on a tax-deductible basis.

PLAN COMPARISON SUMMARY				
	CHSP	EMP	POS	HMOs (for most plans)
Opportunity to open Health Savings Account (HSA)	Yes	No	No	No
Opportunity to contribute to the Health Care Flexible Spending Account	Yes — limitations apply if you open an HSA (see page 6)	Yes	Yes	Yes
Estimated Monthly Contributions				
Employee	\$0	\$40	\$49	\$32 – \$103*
Employee + Spouse	\$0	\$80	\$98	\$64 – \$207*
Employee + Child(ren)	\$0	\$76	\$103	\$61 – \$196*
Employee + Family	\$0	\$112	\$157	\$90 – \$289*
Annual Deductible — the amount you must pay up-front each year as you receive services before the plan begins to share the reasonable and customary cost of services with you through coinsurance.				
Individual	\$1,200	\$450	In-Network: None Out-of-Network: \$500	None
Family	\$2,400**	\$900	In-Network: None Out-of-Network: \$1,000	None
Coinsurance — the percentage of the reasonable and customary costs for services you pay and the plan pays for services after the deductible is met.				
Plan Pays	In-Network: 80% Out-of-Network: 60%	In-Network: 80% Out-of-Network: 60%	In-Network: 100% Out-of-Network: 80%	Not applicable (only copayments apply)
You Pay	In-Network: 20% Out-of-Network: 40%	In-Network: 20% Out-of-Network: 40%	In-Network: 0% Out-of-Network: 20%	Not applicable (only copayments apply)
Medical Copayments — a fixed amount you pay at the time covered services are received — a deductible doesn't apply.				
Office Visit	Not applicable (deductible and coinsurance apply)	Not applicable (deductible and coinsurance apply)	Primary Care Physician: \$25 Specialist: \$35 (applies in-network only)	Primary Care Physician: \$20 Specialist: \$30
Inpatient Care/ Outpatient Care			\$350/\$150 (per admission) (applies in-network only)	None
Emergency/Urgent			\$100/\$50 (applies in-network only)	\$100/\$50
Out-of-Pocket Maximum — the maximum amount you pay in a given year for covered services through the deductible and coinsurance. (Does not include charges for prescription drugs, non-covered services or charges above reasonable and customary amounts.)				
Individual	In-Network: \$2,500 Out-of-Network: None	In-Network: \$2,000 Out-of-Network: None	In-Network: None Out-of-Network: \$2,500	None
Family	In-Network: \$5,000** Out-of-Network: None	In-Network: \$4,000 Out-of-Network: None	In-Network: None Out-of-Network: \$5,000	None
Prescription Drug Copayments — a fixed amount you pay at the time you receive your covered prescriptions — a deductible doesn't apply except for the CHSP.				
Network Pharmacy				
Generic	\$10 (after deductible)	\$10	\$10	\$10***
Preferred Brand	\$20 (after deductible)	\$20	\$20	\$20***
Non-Preferred Brand	\$40 (after deductible)	\$40	\$40	\$40***
Mail Order				
Generic	\$20 (after deductible)	\$20	\$20	\$20***
Preferred Brand	\$45 (after deductible)	\$45	\$45	\$45***
Non-Preferred Brand	\$90 (after deductible)	\$90	\$90	\$90***

* Note: Monthly contribution amounts noted for HMOs represent a range of contributions based on all HMOs offered.

** CHSP family coverage does not include individual levels for the deductible and out-of-pocket maximum. The entire family amounts must be satisfied.

*** Each HMO determines its own formulary. Some HMOs have a closed formulary, which means that some drugs are not covered by the HMO. Contact the HMO directly for the plan's formulary.

For additional details, access the 2007 benefit summaries available during Options! Enrollment through My.Delphi.com and at www.delphinbc.com.

If You Were Hired On or After January 1, 2001

The Enhanced Medical Plan (EMP) is new for you. The plan works in the same manner as the Standard Plus Medical Plan (SPMP) and can be considered a replacement for that plan. In fact, the SPMP and EMP had the same deductible, coinsurance and out-of-pocket maximum amounts in 2006 (note that there are changes to the EMP deductible and out-of-pocket maximum for 2007 — see page 2).

An important difference between the SPMP and EMP is that the EMP is offered to everyone! (SPMP was only available to you if the POS was not available in your area.) This means that many of you have two new options to consider this year — both the CHSP and the EMP.

Also, the carrier for the EMP is either Blue Cross Blue Shield or UnitedHealthcare (depending on where you live) instead of CIGNA, the current SPMP carrier.

What Are Reasonable and Customary Charges?

The actual amounts a provider charges the majority of patients for similar services taking into consideration geographic variations, the provider's skill and training and any unusual circumstances or complications. It also includes the negotiated amount a provider has agreed to accept from the health care carrier as full payment for the services rendered. The health care carrier is responsible for determining the appropriate reasonable and customary charge for a given provider, service or material.

Why is the CHSP Deductible So High?

You may be wondering why the Comprehensive Health Savings Plan (CHSP) deductible is so high. To qualify for a Health Savings Account (HSA), a person must participate in what the government calls a "high-deductible health plan" and it defines the deductible and out-of-pocket limit required for the plan to qualify.

Our plan is designed to qualify under government regulations as a high-deductible health plan — allowing you to participate in a Health Savings Account (see page 6).

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Health Savings Accounts

A New Way to Save for Health Care Expenses

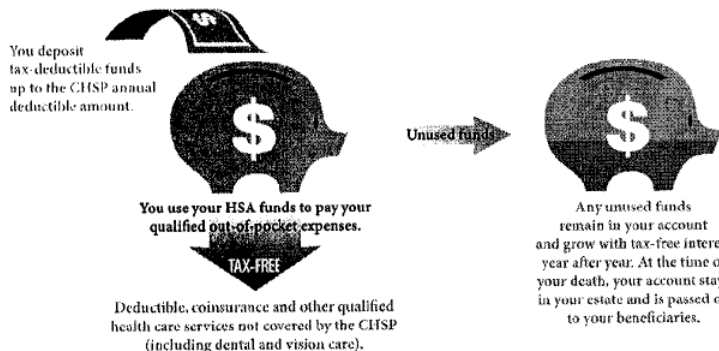
You are eligible to participate in a Health Savings Account (HSA) if:

- You enroll in the new Comprehensive Health Savings Plan (CHSP), and
- You have no other medical coverage (including Medicare or coverage through a spouse's plan).

The HSA puts you in control of how your health care dollars are spent. It allows you to save money for your health care expenses on a tax-deductible basis and use your account funds as needed, now or in the future.

Remember that opening an HSA is optional. If you would like, you can enroll in the CHSP and not open an HSA.

How the Health Savings Account Works



Setting up an HSA

You do not sign up for an HSA through the enrollment web site. An HSA is your own private account, so you can establish one with any bank or financial institution.

Delphi has arranged for United Healthcare to offer you an HSA account through Exante Bank — which provides two advantages:

- Delphi will pay the maintenance fees for 2007.
- Claims processing will be coordinated between your HSA and the CHSP.

If you enroll in the CHSP, United Healthcare's affiliate, Exante Bank, will automatically send you additional information and instructions for opening an account after enrollment.

Contributing to Your HSA

You can contribute up to your CHSP deductible each year — \$1,200 individual/\$2,400 family in 2007.

If you are age 55 or older, you may contribute an additional "catch up" amount beyond the deductible, which is \$800 in 2007, \$900 in 2008 and \$1,000 in 2009 and later.

You contribute directly to the account on an after-tax basis (either by check or wire transfer) — then you take a tax deduction when you file your income taxes.

Using Your HSA

Once you and/or your dependents have enrolled in the CHSP and start funding an HSA (if eligible), whenever a qualified medical expense is incurred, you can simply use your HSA debit card for payment; you also have the option to submit reimbursement requests.

As long as the money is used for qualified medical expenses, it comes out of your account tax-free.

Remember to save your supporting receipts and records in case the Internal Revenue Service requests proof that you used the money to pay for qualified health care expenses.

Any money left over at year-end rolls over to the next year — allowing you to build your HSA for future health care expenses — such as qualified health care expenses in retirement. And you earn tax-free interest on your funds — allowing your account to grow faster. (Note: The rates of return and investment options vary by financial institution. Mutual funds are not FDIC-insured and may lose value.)

FAQs on HSAs

1. When must my HSA contribution stop?

You can no longer contribute to your HSA when you are no longer eligible or not enrolled in the CHSP. However, if you are no longer in the CHSP, you can still withdraw money from your HSA for qualified medical expenses.

You can continue to contribute to an HSA after you leave Delphi — as long as you continue to participate in a plan that qualifies under the government's rules as a high-deductible health plan. Once you become eligible for Medicare, you are no longer eligible to contribute to an HSA.

2. If I decide to set up an HSA on my own, how do I do that?

You can set up an individual HSA through most local banks. Ask your bank if it offers this kind of account.

Remember, Delphi will pay the monthly maintenance fee in 2007 if you establish your HSA through UnitedHealthcare's affiliate, Exante Bank.

3. Does my HSA earn interest?

While that depends on where you establish your HSA, most financial institutions offer some kind of

interest or investment return on HSA balances. UnitedHealthcare's affiliate, Exante Bank, offers an HSA made up of two types of accounts in one:

- **HSA Deposit Account** — an interest-bearing account that is FDIC-insured up to \$100,000.
- **HSA Investment Account (optional)** — allows you to invest in a variety of mutual funds; however, money invested in mutual funds is not FDIC-insured and may lose value. (Note: You must have an HSA Deposit Account in place with a minimum balance of \$2,000 before you can participate in the optional HSA Investment Account.)

If you choose to establish an HSA, be sure to ask the financial institution about the rate of investment return you will receive on your balance.

4. Are there any advantages to using Exante Bank for my HSA?

Opening an HSA through Exante Bank offers you two important advantages:

- First, Delphi is paying the monthly maintenance fee in 2007 for your HSA through Exante Bank.
- Second, Exante Bank's HSA is integrated into UnitedHealthcare's claims payment process.

This means that if you incur a qualified medical cost that you are responsible for paying — and you have given UnitedHealthcare permission — UnitedHealthcare will use the money in your HSA to pay for the expense. If your HSA balance doesn't cover the cost of the service, then you will be billed for the balance by UnitedHealthcare. This integrated payment process is an important reason that Delphi chose Exante Bank for the HSA.

5. If I decide to open an HSA, does it have to be set up at the beginning of the plan year?

No. You can open an HSA at any time during the year as long as you are enrolled in the CHSP and have no other medical coverage. However, you cannot submit claims for qualified medical expenses to your HSA that pre-date the date you open your HSA. Therefore, you may want to open your HSA as soon as you are actively enrolled in the CHSP.

Important Note:

If you open an HSA and elect to contribute to the Health Care Flexible Spending Account, Internal Revenue Service (IRS) rules limit the use of your Health Care Flexible Spending Account to non-medical services such as dental and vision care. It is your responsibility to use your Health Care Flexible Spending Account appropriately — only submitting reimbursement requests for non-medical services.

Health Savings Account or Health Care Flexible Spending Account?

You may be wondering how our Health Care Flexible Spending Account (FSA) differs from the Health Savings Account (HSA). While they are similar, there are some important differences:

	HSA	Health Care FSA
Do I have to enroll in a specific medical plan to be eligible?	Yes. You can only contribute to an HSA if you participate in the CHSP and have no other medical coverage (including Medicare).	No. You can contribute to the Health Care FSA if you participate in any of Delphi's medical plans.
Do I have to pay taxes on the contributions I make to the account?	No. You make after-tax contributions directly to your HSA provider, but then deduct your contributions on your income taxes.	No. Your contributions are deducted from your pay each month on a pre-tax basis.
Do I have to pay taxes when I use the money in my account for my expenses?	No. You do not pay taxes as long as you use the funds for qualified health care expenses.	No. Your reimbursements from your Health Care FSA are never taxed.
Do I forfeit funds that I do not use in a given year?	No. Your unused HSA balance rolls over and continues to build for use in the future — even in retirement.	Yes. You forfeit any FSA funds that you do not use by the end of the year.
Does the money in my account earn interest?	Yes. Your HSA balance may earn interest.	No. Your account funds do not earn interest.
Can I use the full annual contribution amount at any time during the year?	No. You may use only the money that has accumulated in your account.	Yes. The full amount elected during annual enrollment is available to you at any time during the year.
Can I change my contribution amount during the year?	Yes. You make contributions directly to your HSA provider. You decide when to contribute and how much to contribute — up to the CHSP's annual deductible amount.	No. The contributions you elect during annual enrollment continue throughout the year. You may make a change only if you have a qualified life event.
What's the maximum amount I can contribute?	You can contribute up to the CHSP annual deductible each year — \$1,200 individual/\$2,400 family for 2007.	You can contribute up to the annual maximum each year — \$5,000 for 2007.
Do I keep my account if I leave Delphi?	Yes. The account is completely under your control. You keep it if you change employers or retire.	No. However, you do have until the end of the plan year (December 31) to use any funds left in your account.

The Advantages of the HSA — Both Now and in Retirement

Health Savings Accounts give you a way to save toward your out-of-pocket health care expenses — both while you are active and during your retirement.

For Today's Expenses:

- The HSA gives you an opportunity to save toward your anticipated health care costs during the year. Instead of trying to find the money to pay for expenses when they are incurred, the HSA lets you save money throughout the year — so it is there when you need it.
- You won't be subject to taxation on any HSA amounts that are used to pay for qualified health care expenses. This provides you with the most tax-efficient way to pay for your out-of-pocket costs.

- Consider saving more money than you anticipate needing each year — up to plan limits. This gives you an extra cushion for unexpected expenses and any left-over money simply rolls forward to the next year.

- You can add to your account at any time during the year — up to the plan limits.

For Future Expenses:

- Money in your account rolls forward from year to year.
- You can begin to build a substantial savings for future medical costs since amounts in your HSA grow tax-free with interest.
- If you have a medical expense in the future, the money saved through your HSA can be used to pay for that expense.

Qualified Expenses

Below are examples of expenses that are eligible for tax-free withdrawals from an HSA:

- Your plan deductible
- Your plan coinsurance or copayments
- Medical treatments that are not covered by your plan
- Prescription drug and over-the-counter drug costs
- Dental care
- Nursing care
- Psychiatric care
- Chiropractic care

A full list of eligible expenses is available at www.irs.gov in Publication 502.

Note: You can use your HSA funds for other non-qualified expenses, but there will be tax penalties.

Saving for Retiree Health Care — 401(k) or Health Savings Account?

If you are thinking you will simply save more through your 401(k) for retiree health care rather than open a Health Savings Account (HSA), you may want to think twice.

While your 401(k) offers you the ability to save for retirement using dollars that go into the plan pre-tax and grow tax-deferred, you pay taxes on the money when it is withdrawn.

However, when you save for health care expenses through your HSA, the money is tax-deductible going into the account, it grows tax-free while it is in the account and you can withdraw the money tax-free as long as it is used to pay for qualified health care expenses. If you use the money in your HSA for non-qualified expenses, you pay a 10% penalty tax and regular income taxes on that money.

Summary of Material Modifications

The content of this newsletter is considered a summary of material modifications (SMM). It updates or replaces information about your Delphi Medical, Prescription Drug and Dental coverage contained in your Summary Plan Description (SPD) with changes that are effective January 1, 2007. Please keep this newsletter with your copy of the SPD and read them together. The SPD is located on the My.Delphi.com portal from the My Benefit page and on www.delphiinc.com.

If you have any questions on the information provided in this SMM, please submit your questions in writing addressed to the National Benefit Center, P.O. Box 14673, Lexington, KY 40512-4673.

It is important to note that the official plan documents and/or insurance contracts serve as the final authority in all matters relating to plan provisions, operations and administration, and control over any error, omission or ambiguity contained in this newsletter. If there is any discrepancy between the information provided in this newsletter and the provisions of the plan documents, the plan documents will govern. Delphi reserves the right to terminate, suspend, withdraw, amend, or modify the plans, in whole or in part, at any time for any reason.

Remember — It's Important to Enroll

You can enhance the value of your benefits if you select the right plans for your situation. That is why Delphi encourages you to carefully review your benefit options each year and select the plans that best meet the needs of you and your family.

To obtain the benefits you want for 2007, you should enroll during Options! Enrollment — October 23 through November 10, 2006. If you do not enroll by that date:

- Your current elections will continue — but only if available
- If your current elections are no longer available in 2007, you will be given default coverage that may not meet your needs
- Your contributions will be updated to reflect the 2007 amounts

Important Note: Remember that many medical options are changing this year. The table below shows the plan you will automatically receive (a.k.a. default coverage) at your current coverage level if your current plan is not being offered in 2007 and you do not select an alternative option.

Your current plan	Your plan for 2007 if you do not enroll
Basic Medical Plan	Comprehensive Health Savings Plan
Standard Medical Plan, Standard Plus Medical Plan or HMO that's no longer offered	Enhanced Medical Plan

What's Next

Important Dates for the 2007 Options! Enrollment

September	October	November	December
You receive this newsletter Announcement messages begin to appear	What's New content available online (October 2) Employee NetMeetings held Plan comparison tool available Options! Enrollment begins (October 23)	Enrollment ends (November 10) Enrollment confirmation available on MetLife MyBenefits (November 13)	Final enrollment processing

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